



# **THE AFRICA ACADEMY OF MANAGEMENT**

## **TRANSFORMING ORGANIZATIONS IN THE DIGITAL ERA: DIGNITY, JUSTICE, AND PROSPERITY IN AFRICA**

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**Edited By:  
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## Foreword

On behalf of the Africa Academy of Management (AFAM), I am pleased to share with you the proceedings of some of the best papers of our 7th Biennial Conference. The theme of the 2024 Biennial Conference is *Transforming Organizations in the Digital Era: Dignity, Justice, and Prosperity in Africa*. In line with the mission of AFAM, our tradition has been to host our conferences in Africa to promote and advance knowledge creation and dissemination about management in and about continent. Consistent with the theme of the conference, the proceedings of the 2024 conference will be available to the conference participants and interested readers digitally through the conference App and via our website as a means of sharing the papers globally.

Moving Africa forward to achieve Pan African Vision of “*An integrated, prosperous and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena*” through the African Union’s (AU) Agenda 2063: The Africa We Want depend on the digitalization of the economies of African countries. Digitalization in the management of resources is now a vital part of the modern global economy. Consequently, some governments in African countries (e.g., Ghana) has started implementing digitalization to increase the efficiency in managing public resources, increase revenue mobilization, and minimize the incidence of corruption (Ayakwah, Damoah & Osabutey, 2021). The stakes are even higher now with the advent of the widespread use of generative artificial intelligence (AI) in both private and public organizations. This presents an opportunity for scholars interested in management in Africa to be creative in identifying and developing digital knowledge that could be used by organizations in the continent. AFAM’s vision supports these aspirations.

The papers presented at the conference address various aspects of the theme from the many traditional management sub-disciplines such as entrepreneurship and small business, human resources management, international management, management education, organizational behavior, social issues in management, and strategy, to cover other topics in green management and sustainability, management practice, public policy, administration, and non-governmental organizations. We are so delighted to have contributions from almost every continent in the world. I want to thank the Program Chairs, Professors Samuel Aryee of University of Surrey, UK, and Sherwat Ibrahim of the American University in Cairo, Egypt, and the Track Chairs for flawlessly managing the paper submission, review process, and selection of the best papers. I also want to show AFAM’s appreciation to the Proceedings Editor, Professor Dorothy Mpabanga of the University of Botswana for the enormous work in assembling the papers for this publication.

I also want to take this opportunity to thank several organizations that have supported AFAM in sponsoring various conferences and other capacity development activities – Emerald Group Publishing, Ltd., Taylor & Francis Group, Association to Advance Collegiate Schools of Business (AACSB), and the ECOWAS Bank for Investment and Development.

Sincerely,

*Moses Acquah*

**Professor Moses Acquah**  
**President, Africa Academy of Management**

## **The Africa Academy Of Management (AFAM)**

The Africa Academy of Management (AFAM) is a professional membership organization that was formed in 2011. AFAM believes that management knowledge can make a significant contribution to the productivity and prosperity of a nation. Yet, there is a dearth of knowledge about management in Africa and several studies have identified the inadequate state of management research and scholarship about Africa relative to other regions of the world. AFAM's mission is to help close this gap by promoting research and education about management and organizations in Africa. Specifically, the objectives of AFAM are two-fold: (1) foster the general advancement of knowledge and scholarship in the theory and practice of management among African scholars and/or academics interested in management and organization issues in Africa. Africa is defined broadly to include all of Africa and individuals of African descent in the Diaspora (i.e., The Caribbean, South America, Europe, Asia, Oceania, Middle East, and North America); and (2) perform and support educational activities that contribute to intellectual and operational leadership in the field of management within the African context.

AFAM focuses on building and strengthening research capacity and education about management in Africa. This includes the mentoring of doctoral students, guiding and developing junior faculty, building collaborative networks among scholars, and advancing research about management in Africa. We launched our Africa Faculty Development (AFD) Workshop initiative, which is week-long intensive residential research training, in 2011 in partnership with the Academy of Management. Since 2011, we have held five (5) AFD Workshops for doctoral students and junior faculty from African Business Schools in Ghana (at Ghana Institute of Management and Public Administration (GIMPA); and Kwame Nkrumah University of Science and Technology (KUNUST)), Rwanda (at University of Rwanda), and South Africa (at Gordon Institute of Business Science (GIBS); and the Faculty of Economic and Management Sciences, both at the University of Pretoria). The recent AFD workshop that was held at KNUST in Ghana was partly sponsored by the ECOWAS Bank for Investment and Development (EBID). The organization works closely with other academic associations and our sponsors in executing our mission. With a membership base of about 400 academics and practitioners from around the world, we work closely with other academic associations and our sponsors in executing our mission. Visit our website at [www.africaacademyofmanagement.org](http://www.africaacademyofmanagement.org) to learn more about the organization's current activities.

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All Academy Poster Session	Samuel Aryee, University of Surrey, UK Sherwat Elwan Ibrahim, American University in Cairo, Egypt

## Introduction

AFAM has over the years grown tremendously since its inception and has made great strides in promoting management research and sharing of knowledge about Africa and her aspirations. AFAM has designed a strategy and developed strategic goals and objectives that promote AFAM to act as an organization that function's as a source to create and disseminate management knowledge. AFAM's strategic objectives are aligned to its mission and vision statements. The African Journal of Management (AJOM) is an important platform and a research outlet that is used by AFAM to promote scholarly research and findings. The aim is for AFAM to disseminate findings in the continent and to develop young and aspiring scholars. The theme of this conference focuses on transforming organizations in the digital era, dignity, justice, and prosperity in Africa. The focus is mainly on digital transforming of organizations and to ensure that findings address digital issues affecting the continent, and results are used to promote justice and prosperity for all in the continent. Therefore, the conference theme addresses transforming organizations in the context of Africa in the digital era, by ensuring justice and prosperity for all in the continent. Findings from scholarly papers presented at the conference will be used to influence public policy making and implementation.

The conference plays an important role in meeting the theme of transforming organizations in the digital era, dignity, justice, and prosperity in Africa and management research techniques and findings will be shared by participants across the globe. The 2024 conference objectives and theme will be achieved through the presentation of various papers, discussion forums, symposiums, meeting of editors and dissemination of research output through AJOM. Track chairs will do a great job to facilitate the presentations of research findings and discussions and will ensure that conference objectives are met through dialogue by scholars from diverse backgrounds. The conference proceedings were selected from about 60 scholarly papers, out of which 30 were selected for publication as they address the theme of the 2024 conference. The 2024 proceedings contain 15 papers that were volunteered to be published as well as a book of abstracts for all the papers accepted for the conference. Papers in the proceedings cover 7 tracks that cover; Entrepreneurship and Small Businesses; Organizational Behavior and Human Resource Management; Public Policy, Administration of Government and Non-Governmental Organizations; Strategy and International Management; Social Issues in Management in the Context of Africa; Sustainability and Green Management, Management Practice and Teaching and Learning. These papers are a result of collaborative research by global scholars' as they are multi-disciplinary representing diverse institutions and universities across the globe. This is an illustration of excellent methodological underpinnings across continents.

We are proud as AFAM to have many of the authors in the proceedings representing seasoned and young scholars. Academics and practitioners have come together to share a wealth of knowledge in their respective fields of study and research. Thank you to all those who have contributed to the 2024 conference proceedings by investing their valuable time and effort in producing the papers, and applying the best research methods and collaborating across institutions. AFAM appreciates your efforts and will continue giving you the platform to share your scholarly work and research findings, and contribute to develop and guide policy that is informed by research and to address challenges facing the continent. As AFAM we hope the 2024 conference experience will bring you joy as you share your scholarly research at the Stellenbosch University, Cape Town. Please strive to be your best as you conduct research in diverse areas of interest, as the theme emphasizes transforming organizations, digital era, justice and prosperity in Africa. We hope your research findings will help transform organizations in Africa, help promote the use of information and communication technology, reduce the digital divide and promote justice and prosperity for all.

**Dorothy Mpabanga, University of Botswana,  
Editor, Conference Proceedings**

## **Part 1: Entrepreneurship and Small Business**

# Entrepreneurial Ecosystems for the Africa We Want

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## Abstract

Many regions and countries aim to copy a Silicon Valley model of entrepreneurship-led development. This is misguided, in general, and in low income economies particular. We advocate an alternative approach that can be adapted to contexts, with respect to both conditions and outcomes. We argue that for the entrepreneurial ecosystem approach to be useful for African economies it needs to be meaningful for the stakeholders involved, and that this can be achieved with locally-embedded narratives about the future of entrepreneurship in Africa. We analyze entrepreneurial ecosystem narratives that inform theory and policy practice of entrepreneurship-led sustainable development in Africa.

**Keywords:** Entrepreneurial ecosystems, entrepreneurship-led development, Africa

## Introduction

*Kigali is building its way to becoming 'the Silicon Valley of Africa' (CNN 2022)*

*Kenya, the Silicon Valley of Africa (Fintech 2021)*

*Lagos State Set To Become The Silicon Valley of Africa (Lagos Today 2022)*

*Cape Town Establishes Itself As Africa's Silicon Valley (R17 2023)*

Entrepreneurial ecosystems have become a central feature of industrial and economic development policies around the globe. It has the promise of enabling productive entrepreneurship as a driver of economic development, focusing on the interdependent actors and factors that are governed in such a way that they enable productive entrepreneurship in particular territory (Stam, 2015; Stam and Van de Ven, 2021; Wurth et al. 2022). But, there is a tension in what entrepreneurial ecosystem development (policy) means in academic and practical terms. On the one hand there is an adoration of the Silicon Valley model of entrepreneurship (Audretsch, 2021), with a plethora of Silicon Somewheres and ABC Valleys (Stam, 2023). On the other hand, the entrepreneurial ecosystem approach has explicitly been developed to go beyond the Silicon Valley model of entrepreneurship (Isenberg, 2010; Feld, 2012; Stam, 2015; Wurth et al., 2022). We critically analyze the assumptions behind the dominant Silicon Valley model of entrepreneurial ecosystems, which is obsessed by technology and maximizing financial value with startups in the shortest possible period.

As the press statements above show the Silicon Valley model has also diffused to Africa. It has become dominant in entrepreneurial ecosystem thinking and practice globally. Three key elements of this Silicon model are Venture Capital, radical technological innovation, and rapid business growth in

financial terms (Audretsch, 2021). It is driven by financial value creation. This is both important on the input side and the output side. For example, on the output (and even outcome) side, the “value” of an entrepreneurial ecosystem is measured by the financial valuation (on paper) of its “startups” (Kuckertz, Scheu and Davidsson, 2023). On the input side, the prevalence of venture capitalists and the size of venture capital investments are seen as key indicators of the strength of an entrepreneurial ecosystem (Stokoe et al., 2016; WeeTracker, 2018). Rapid business growth in financial terms driven by radical technological innovation is seen as the key output of the system: a fast paced process of idea development to prototyping, to product-market fit and scaling, and ultimately product-market (or platform) dominance. The faster the process, and the larger the financial valuation of the venture the better. This assumes not only the prevalence of venture capital supply, but also the prevalence of world class science and technology (abundant in Silicon Valley), and new ventures that are investor ready, ready absorb and “burn” millions of dollars of investment.

We review the literature on development theory and entrepreneurial ecosystems in order to deconstruct the limitations of this Silicon Valley model of entrepreneurship and reconstruct an alternative narrative for entrepreneurship-led sustainable development in low income economies. Our contribution to the entrepreneurial ecosystem research program is two-fold.

First, we contrast this Silicon Valley model of entrepreneurial ecosystems with a much needed view from outside the North American and European contexts in which most theorizing and empirical research on entrepreneurial ecosystems has taken place, and answer the recent calls (George et al., 2016; Barnard et al., 2017; Bruton et al., 2018) to develop an alternative to the dominance in academic research of the U.S. model of business and entrepreneurship. We focus on a context with low incomes and massive population growth, with large cohorts of youngsters entering the economy: Africa. In this context there is a huge need for well-functioning entrepreneurial ecosystems to enable private sector development and more fundamentally to have the talents of a large new generation flourish and to tackle gigantic sustainable development challenges. We argue that the Silicon Valley model of entrepreneurial ecosystems is inadequate in the African context and construct a new model of entrepreneurship-led sustainable development.

Our second contribution involves the application of futuring in the transdisciplinary entrepreneurial ecosystem research program. Instead of looking backwards and analyzing what has been, as is standard in social science, we use a futuring method, including envisioned ideal and worst case scenarios of entrepreneurial ecosystems in Africa. This provides a forward looking approach (“prospective inquiry”: Munoz and Dimov, 2023) that is much needed in a context which necessitates more long-term transition approaches. We argue that for the entrepreneurial ecosystem approach to be useful for African economies it needs to be meaningful for the communities involved (cf. Bacq et al., 2022; Kolavalli, 2023), and that this can be achieved with locally-embedded narratives about the future of entrepreneurship in Africa.

The objective of this paper is to analyze entrepreneurial ecosystem narratives that inform theory and policy practice of entrepreneurship-led sustainable development in Africa. Our argument is that for Africa, and other low income economy contexts as well, we need to embrace entrepreneurial ecosystem narratives that suit the local context and envisioned futures of the local stakeholders. This means that an alternative to the dominant Silicon Valley model of entrepreneurial ecosystems has to be created.

We have selected three African economies as research context: all three have a rapidly growing population, but one of them has developed rather stable high quality institutions (Rwanda), the other two face substantial problems of low quality institutions, but have been able to act as regional economic centers for East and West Africa, respectively Kenya and Ghana. In each of these economies a key entrepreneurial support organization – an entrepreneurship hub - has been used as a point of entry for selecting in total 100 stakeholders of entrepreneurial ecosystems in these economies, to construct narratives about good and bad futures of entrepreneurial ecosystems. This also answers the recent call by Bergman and McMullen (2022) for scholars to deepen their relationships with entrepreneurial support organizations, as an opportunity for advancing entrepreneurship research.

The key question of this paper is: What can be an African model of entrepreneurship-led sustainable development? We answer this by eliciting envisioned ideal and worst case scenarios of entrepreneurial ecosystem development of stakeholders.

This paper is structured as follows. We first discuss the related literature on entrepreneurial ecosystems. We explicitly debate the dominance of the Silicon Valley model of entrepreneurial ecosystems, and the need for alternative models that do justice to other types of local contexts, in particular African contexts. This will lead us to a discussion of the societal outcomes beyond the narrow economic model that dominates the entrepreneurial ecosystem approach. In this we will conceptualize entrepreneurship-led sustainable development, that is: entrepreneurship that contributes to sustainable development, illustrated with the role of entrepreneurship in achieving the sustainable development goals in Africa. Next we will present the research design of the study. This will be followed with the results of our empirical analyses, answering our research question. We will end with a discussion of our findings and conclusion.

## **ENTREPRENEURIAL ECOSYSTEMS**

### **Origins in practice**

The concept of entrepreneurial ecosystems has gained enormous popularity within research, policy, and practitioner fields over the last decade. This contemporary popularity can be traced to several sources: Feld's (2012) book *Startup Communities* and Isenberg's (2010) work in the *Harvard Business Review*. The idea of entrepreneurial ecosystems was quickly adopted by governments and non-governmental organizations such as the United Nations (UNCTAD, 2010), the World Economic Forum (Foster et al., 2013), the OECD (Mason and Brown, 2014), the European Commission (European Commission, 2014), the Kauffman Foundation (Bell-Masterson and Stangler, 2015), and the World Bank (Mulas et al., 2015), and commercial organizations including StartupGenome (StartupGenome, 2012) and StartupBlink (StartupBlink, 2014). This policy excitement led to a situation where research is led by policy rather than policy being guided by rigorous academic research (Stam, 2015; Stam and Bosma, 2015; Stam and Spigel, 2018).

This does not mean that entrepreneurial ecosystem research per se is led by policy. Entrepreneurial ecosystem research stands on the shoulders of giants, in particular the regional development literature and the strategy literature (Acs et al., 2017; Adner, 2017; Malecki, 2018). Both lineages share common roots in ecological systems thinking, providing insights into the

interdependence of actors in a particular community to create new value. But studies of both regional development and strategic management have largely ignored the role of entrepreneurs in new value creation, and the entrepreneurial ecosystem provides a fresh perspective to take into account entrepreneurship as an output of the system, but also the role of entrepreneurs within the system.

These origins in both policy and entrepreneurial practice and also different academic literatures provide an excellent opportunity to further develop the entrepreneurial ecosystem approach as a transdisciplinary research program (Pohl and Hadorn, 2007; Pohl et al., 2017), involving multiple academic disciplines and explicit interaction with practice (“engaged scholarship”, Van de Ven, 2007) (see Wurth et al., 2022).

The purpose of the next section is to reflect on development theory that would inform a conceptual framework for ‘entrepreneurship-led sustainable development’ to further provide the reader with an appropriate worldview emphasizing the importance of a development perspective in entrepreneurship. We compare development as ‘technological advancement’ with development as ‘governance processes’ and development as an ‘outcome’. These three theoretical aspects highlight, among other things, conceptual differences that help to discern an appropriate concept of development that practitioners may use in order to translate the promise of entrepreneurship into sustainable impacts in Africa.

### **Entrepreneurship-led Development**

Development has traditionally been understood as forces of change associated with significant waves of technological advancement, often instigated in the Western economies. This view of development as structural change, driven by technological changes finds its roots in Schumpeterian theories of economic development (Schumpeter, 1934; 1942) and its Neo-Schumpeterian extensions (Freeman and Soete, 1974; Perez, 2010), and finds its climax in the Silicon Valley model. The perspective allows us to recognize the value of investments in knowledge as a key enabler of economic growth (Romer, 1990; Aghion and Howitt, 1992) and entrepreneurship in particular (Acs et al., 2009). This technological perspective has also led to a reductionist notion of development as a process of ‘catching up’ with industrially advanced countries (Mkandawire, 2011; Palan, 2013). This development approach of innovation-driven entrepreneurship is relevant in the context of technologically advanced nations (Acs et al. 2009), but is of limited applicability in low income economies (Gonzalez-Pernia et al., 2015), where more severe market and institutional failures exist. In addition, despite unparalleled levels of accompanying acceleration in economic growth, this perspective of development is problematic because it fails to address why the big technological revolution waves create economic growth that is accompanied by extreme income inequalities, poverty and environmental damage (Fioramonti, 2013; Steffen et al., 2015). The allocation of resources and structuring of economic activity is central in the next perspective, of development as governance.

If one views development as improved governance mediating diverse activities that inspire unity and diversity of human action in the process of structuring and recreating patterns in the social world order (Preston, 2010), then development implies the importance of governance in the processes of social engagements (Offe, 2009; Ostrom 1990). Governance means processes that in many cases involve managing never-ending contestations and negotiations between those in power and those

affected by it. When it comes to entrepreneurship in Africa, this never-ending contestation and human agency interaction is an exploration of how local entrepreneurial ecosystem stakeholders experience or perceive state and market forces as ‘plastic’ or permeable so that they can also influence their directionality. Governance can be defined as ‘the use of institutions, structures of authority and even collaboration to allocate resources and coordinate or control activity in society or the economy’ (Bell, 2002: 4). The underlying institutions are generally regarded as a fundamental cause of economic growth (Acemoglu et al., 2005; Rodrik, 2007), in particular inclusive institutions (Acemoglu and Robinson, 2012) and institutions that allocate economic action towards productive entrepreneurship (Baumol, 1990; Minnitti et al., 2023). There is now considerable evidence on the multifaceted nature of institutions and the multiple ways it can affect entrepreneurship and economic growth and development (Aparicio et al., 2016; Bjørnskov and Foss, 2016; Bosma et al., 2018; Urbano et al., 2019).

### **Ecosystems for entrepreneurship-led sustainable development**

The technological advancement and governance perspectives suggest development involves input activities injected into the economy in order to achieve some desired local outcomes that address societal and environment needs. These inputs involve investments in science and technology and efforts to align the interests of stakeholders involved with new or adapted forms of governance. Development as a grand discourse which is associated with technological advancement and governance, regards these as means to desired social change, as is emphasized in the next section. Conceptualized in this way, development is therefore seen as an intentional outcome from development as a technological advancement and development as governance processes. In this study, development is therefore seen as dynamic and dialogic processes of creating pathways to just, equitable and sustainable social change (Swilling and Annecke, 2012) in ways that are experimental, non-extractive and within the planet’s capacity (Van den Bergh and Kallis, 2012). Furthermore, we do not perceive these dynamic and dialogic processes of development in an orthodox economic sense that assumes private sector-led economic growth. Instead, we see development as freedom (Sen, 1990) within planetary boundaries (Meadows et al, 1972), so that future generations can also flourish (Brundtland, 1987).

The entrepreneurial ecosystem concept emanated from dual fields of origin in the literature on business strategy and regional economic development (Acs et al. 2017; Malecki, 2018). Given this dual historical origin from two separate fields, Stam (2015) and Brown and Mason (2017) have critically highlighted the theoretical and application limitations of entrepreneurial ecosystems following their rapid adoption and integration into policy in an attempt to delineate main components of the concept. Their critical review provides an original contribution that addresses definitional limitations, measurement issues and broader policy implications. At the same time, this historical origin highlights a healthy balance we all need to be reminded of, that entrepreneurial ecosystems are fundamentally about both economic outcomes (growth-orientated business strategies) and local political agendas (local economic development) that can only be fully understood through deep embedded enquiry from local narratives characterizing a region or country (Van de Ven, 2007; Park, 2017). A contextual way to understand and measure entrepreneurial ecosystems is by embracing the plurality of these two lineages; one about business strategies to grow revenues in service of self-interest of entrepreneurs and financiers and other one about using the fruits of resultant economic rents in service of humanity and planets. This plurality of narratives embraces the complexification of what sustainable local economic development means and the integration of unfolding narratives along a sensible time dimension based

on prevailing social contracts. To achieve this, harvesting stories is a key component of understanding prevailing social contracts about what a sensible set of impact indicators and appropriate time frame are to achieve the dual missions.

Building on this foundational basis, one can argue that if entrepreneurship is to achieve sustainable development outcomes, scholars would need to first go beyond the theory behind business strategies for scaling and expand their conceptual understanding through other relevant interdisciplinary development approaches. Acknowledging theoretical limitations of foundational economic theories holding entrepreneurial ecosystems as the basis for self-interested or reductionist approaches is helpful to make sense of entrepreneur support practices by entrepreneurial support organizations in low-income economies. If the foundational theories behind entrepreneurial ecosystems are in and of themselves individualistic, it is not inconceivable that practitioners employing the theories would also be individualistically oriented. As such, recognizing the importance of the ever-changing unfolding narratives among local entrepreneurial ecosystem stakeholders is key in negotiating what success should be in low-income economies.

Regarding development as sustainable progress, policymakers behind entrepreneurship promotion imply there is a causal relationship between entrepreneurship and development – in some cases with an underlying assumption that entrepreneurship leads to development. These tacit assumptions have resulted in many seeing entrepreneurship as a viable strategy for addressing chronic development problems such as youth unemployment, poverty and inequality (Akinyoade et al., 2017; Gough and Langevang, 2017).

The murky relationship between entrepreneurship and development has been complicated by scholarly gaps in disaggregating entrepreneurship as a complex social phenomenon. This disaggregation can help to highlight the policy insights needed to successfully grow the activity in differentiated environments or business lifecycle; and without it, public policymakers and practitioners risk making erroneous implementation assumptions, arguably explaining mass failure rates and poor uptake (McMullen et al., 2016). Entrepreneurship has also not led to development, because conventional promotion efforts employ decontextualized linear entrepreneurial support organization approaches leading to new young firms (or start-ups) that in many instances do not produce the consistent and significant growth that proponents of entrepreneurship argue is a necessary condition for development to occur (Isenberg and Onyemah, 2016). While business growth is desirable to an end, entrepreneurship for growth can concurrently lead to destructive and unproductive economic activities without the desired development effects. This is because entrepreneurship for growth promotes a progressive business mindset that goes beyond survivalist aspirations, but without necessarily steering new innovations or fetching the future of industry that achieves sustainable development. For these reasons, Baumol (1990) argued that promotion efforts should be about the formation of productive entrepreneurship, a type of growing ventures driven by genuine innovations and not rent-seeking or free-riding through extracting value from existing innovations.

Productive entrepreneurship can even be seen in a mission-oriented form, when it is not only driven by market forces but also by new governance approaches driven by state-led mission-oriented development finance institutions and civil society in some peer-to-peer fashion in order to steer market innovations in line with sustainable development. Accordingly, entrepreneurship cannot be seen only through micro lenses with the individual entrepreneur as a unit of scholarly analysis or practice, but

should equally be seen through institutional meso-analytical lenses (cf. Kim et al., 2016), while at the same time assessing the macro political economy strength of policy signaling not only to de-risk follow-on investments through patient capital, but also to drive responsible entrepreneurial norms and values from the ground (cf. Acemoglu et al., 2005; Boettke et al., 2005).

## **RESEARCH DESIGN**

### **Transdisciplinary Research**

This study's objective was addressed through exploring 100 stories of local ecosystem stakeholders in Ghana, Kenya and Rwanda in order to make sense of lived realities of entrepreneurial support organizations efforts toward momentum and maturity of entrepreneurial ecosystems in low-income economies. This was conducted through a transdisciplinary research methodology that aimed to integrate scientific and societal knowledge in exploring entrepreneurial ecosystems in the African economies of Kenya, Ghana and Rwanda. This means both academic and non-academic literature were reviewed with the aim of undertaking a meta-analysis of the concepts and strategies applied to study and operationalize entrepreneurial ecosystems in Africa. This was followed by engaging scientific and social actors (policymakers, the funding community, entrepreneurial support organizations and development practitioners) in a participatory mapping of the approaches and practices used to promote entrepreneurship in low-income economies.

The research project drew on the extensive networks of local social actors such as the African Entrepreneurship Collective (trading as Inkomoko), AfriLabs, Nairobi Design Institute (NDI), African Union Commission (AUC), Ashesi University Incubator (AVI) and Allan and Gill Gray Philanthropy Africa (AGGP). These development institutions have a continental presence in many African countries including Kenya, Rwanda and Ghana and provide a gateway for academics and relevant stakeholders. In this way, a conceptual understanding of entrepreneurial ecosystem practices was grounded in the lived experiences of local actors involved in African scholarship and practice.

The rationale behind using transdisciplinary research methodology was to enhance partnerships that can advance African scholarship and advocacy on entrepreneurship-led development, especially towards the realization of sustainable development goals 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities) and 12 (responsible consumption and production) of the UN's Agenda 2030 (Osborn et al. 2015).

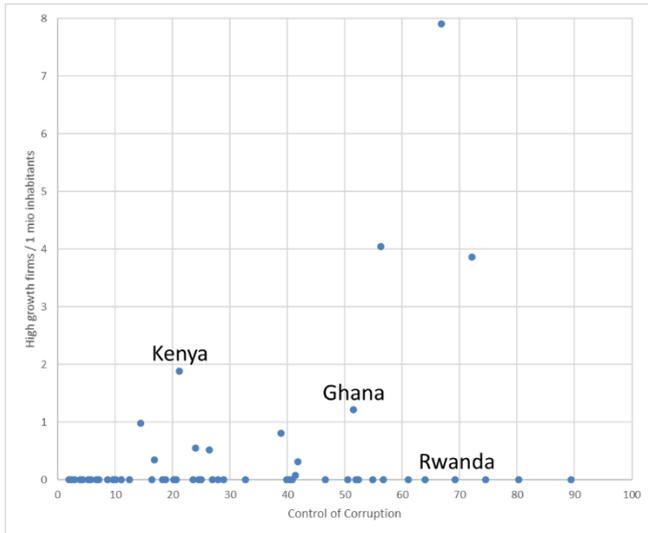
With this transdisciplinary research methodology our paper responds to the call to go beyond the traditional ecosystem approach and embrace community voices when developing entrepreneurial ecosystems. This is consistent with the idea of building communities of hope in entrepreneurship which has started to recently emerge as a call to create community-engaged entrepreneurship methodologies to advance equity, inclusion and societal impact (see for example Bacq et al., 2022; Kolavalli, 2023). Transdisciplinary research thus uses implementation challenges to anchor the rationale for social change, so that projects bridge implementation knowledge and social co-learning processes between stakeholders by using experimental pilot projects and the elimination of global 'best practice' for organizing structures as well as practices that do not work in African settings (Moser, 2016). Transdisciplinary research suggest the methodology and associated processes are nonlinear but iterative

and may differ for each project. Regeer and Bunders (2009), Lang et al. (2012) and Mauser et al. (2013) propose five broad phases in a transdisciplinary research methodology. These involve problem framing; stakeholder engagement (co-design) as framing and reframing of the inquiry; co-production of new knowledge; dissemination of results as bringing results to fruition; and inspiring action.

This transdisciplinary research project is forward-looking, also known as “futuring”. Futuring can be seen as a sensemaking method: it is teleological in that one looks back at the present normally from some or other normative or idealistic perspective (what ought to be) against what is incrementally possible to inspire the evolutionary potential of the present (what is possible in or under the current conditions) and coming up with ways and means of moving away from the current conditions if found to be unjust and/or unsustainable (Campbell and Cowan, 2016; Swilling et al., 2018). However, the directionality of this ‘moving away from’ can be in different directions: at times it can be forwards, other times backwards or sideways (Oomen et al., 2022). How this happens in the practice depends on the context or conditions, including peoples’ sense of their power and agency to bring about social change (Mangnus et al., 2021).

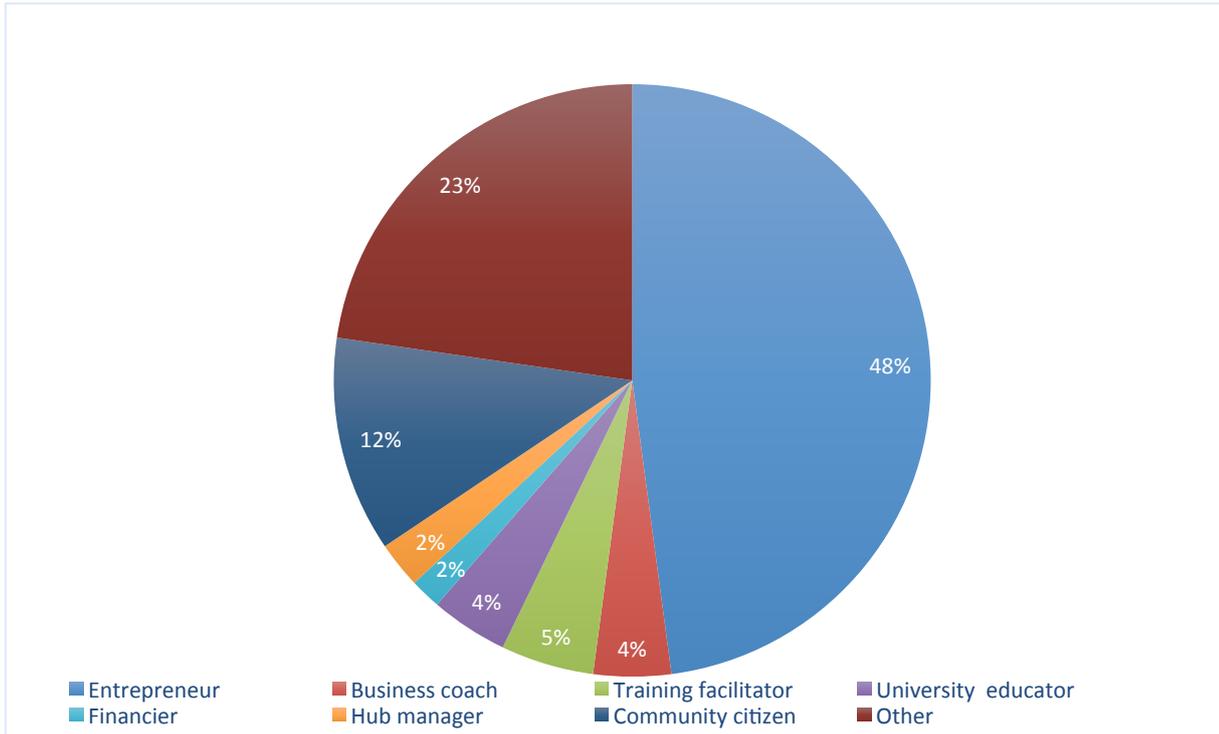
### **Respondent selection**

The study generated data from three African hubs situated in the cities of Accra (Ghana), Nairobi (Kenya) and Kigali (Rwanda): Ashesi University Incubator (AVI), Nairobi Design Institute (NDI), and Inkomoko, respectively. Outside these three research sites, the researchers also observed pertinent broader continental themes, issues and opportunities affecting hubs from continued engagements with AfriLabs. AfriLabs is an independent development practitioner institution, based in the capital city of Nigeria, Abuja. It exists to facilitate transnational knowledge sharing of practice, as well as the collaboration of hubs across the continent to better promote African innovation and entrepreneurship. With an Africa-wide entrepreneurship network of over 400 technology and innovation hubs from 52 African countries, AfriLabs convenes about a quarter of the hubs on the continent. The choice of the three countries was in part inspired by contrasting institutional quality and entrepreneurship success indicators. Ghana and Kenya are frequently rated amongst the best performing entrepreneurship ecosystems in Africa, but have low (Kenya) to moderate (Ghana) quality institutions. In contrast, Rwanda does not have high entrepreneurship outputs, but has one of highest quality institutions in Africa. Figure 1 shows a scatterplot with all African countries, with the control of corruption (an important institutional context variable: World Bank 2020) on the x-axis and the prevalence of high-growth firms (based on the Financial Times 2022 ranking) on the y-axis.



**Figure 1.** Control of corruption and prevalence of high growth firms in African countries

Our research design and transdisciplinary methodology sought to integrate both formal and informal voices into the study. Related to this is that three main hubs were the targeted laboratory sought to explore as a window into the broader local and national entrepreneurial ecosystems. This explains why of the 100 responses, 2% were hub managers in the study as shown in Figure 2. Each of these hub managers was approached to not only participate in the study but to also invite relevant stakeholders (financiers, policymakers, trainers, etc.), including local community members and other professionals, all of whom are in principle affected directly or indirectly by entrepreneurship. This adds to the credibility of the empirical findings on the reality on the ground and whether in fact hubs play a significant role in the space. The alternative would have been to gather data in the classic way from only hub members and managers, risking issues that arise with self-reported data, but also risking a contribution to science without the voices of the community members and the ‘other’ groups that experience entrepreneurship outcomes perhaps in unrelated contexts but tangentially nevertheless.



**Figure 2.** Respondent role in the entrepreneurial ecosystem

The percentages in Figure 2 show that while the majority (48%) of the respondents were entrepreneurs, the second highest figure (23%) reported playing ‘other’ roles in the local ecosystem beyond ‘formalized’ contributions such as coaching, training, financing or managing a hub. These ‘other’ roles included university students, software developers, government employees, ecosystem builders, monitoring and evaluation advisors, community workers, IT personnel, humanitarian aid workers, researchers, stock and forest traders, development practitioners and other professionals. Additionally, another so-called “informal” stakeholder is a ‘community citizen’, who make up a significant 12% of the respondent total. Therefore, in balancing not only the number or diversity of respondent perspectives but also the combination of formal and informal stakeholders, the sample data makes the study truly transdisciplinary in nature.

About a third of the respondents were born in another (African) country than where they currently practice entrepreneurship. It highlights African entrepreneurship practitioners are not merely domiciled in the countries where they experience entrepreneurs, but also draw from the expertise, experiences and perspectives of other global contexts. This then makes for a useful respondent context to remember when interpreting results, because implicit within this table is arguably that stakeholder templates, tools, practices, principles or approaches may very well be shaped by multiple local African contexts. This broader (African) origination than just Ghana, Rwanda, and Kenya is also reflected in the title of this paper “Entrepreneurial Ecosystems for the Africa We Want”.

## Thematic analysis

We used thematic analysis to identify, analyze and report patterns (themes) within the ideal and worst-case qualitative data scenarios. Thematic analysis is a widely used analytical method for minimally and systematically organizing and interpreting qualitative datasets (Friese, Soratto and Pires, 2018). Thematic analysis differs from content analysis in that the latter assumes the texts (messages) are the predetermined phenomena to be studied, with codes developed upfront (a priori), whereas thematic analysis is “a way of seeing” and “making sense out of seemingly unrelated material” with codes emerging, a posteriori, in the process of “immersion” (Neuendorf, 2018: 212–213). According to Vaismoradi et al. (2016: 101) a theme is “an underlying meaning implicitly discovered at the interpretative level and elements of subjective understandings of participants, used to as an implicit attribute, descriptor, element, concept or topic that organizes a group of repeating ideas and enables researchers to answer the study question.” Whereas, coding as applied in this study, is a process to reduce data into organized participant perspectives based on negative, positive or indifference comments about a phenomenon experience in a particular context (Vaismoradi et al., 2016: 103). We used a general framework of steps involving compiling, disassembling, reassembling, interpreting, and concluding to conduct thematic analysis as is outlined by Castleberry and Nolen (2018). To compile the raw data, we jotted down key words in each respondent’s response and visualized them into a Pareto Chart (See Figure 3). We then created an Excel table and organized them into a single column as a set up to disassemble them into text codes. To disassemble the data, we used a Microsoft Excel function known as CODE i.e.,  $f(x) = \text{CODE}(\text{Column Text})$ . This generated codes one could reassemble into emerging themes. To reassemble coded text, we mapped and contextualized each code into an emerging category theme that signaled something important about the data in line with the research question.

## EMPIRICAL FINDINGS

In this section we will answer the key question of this paper: what can be an African model of entrepreneurship-led sustainable development? We use the entrepreneurial ecosystem approach as a lens and focus on the envisioned outcomes.

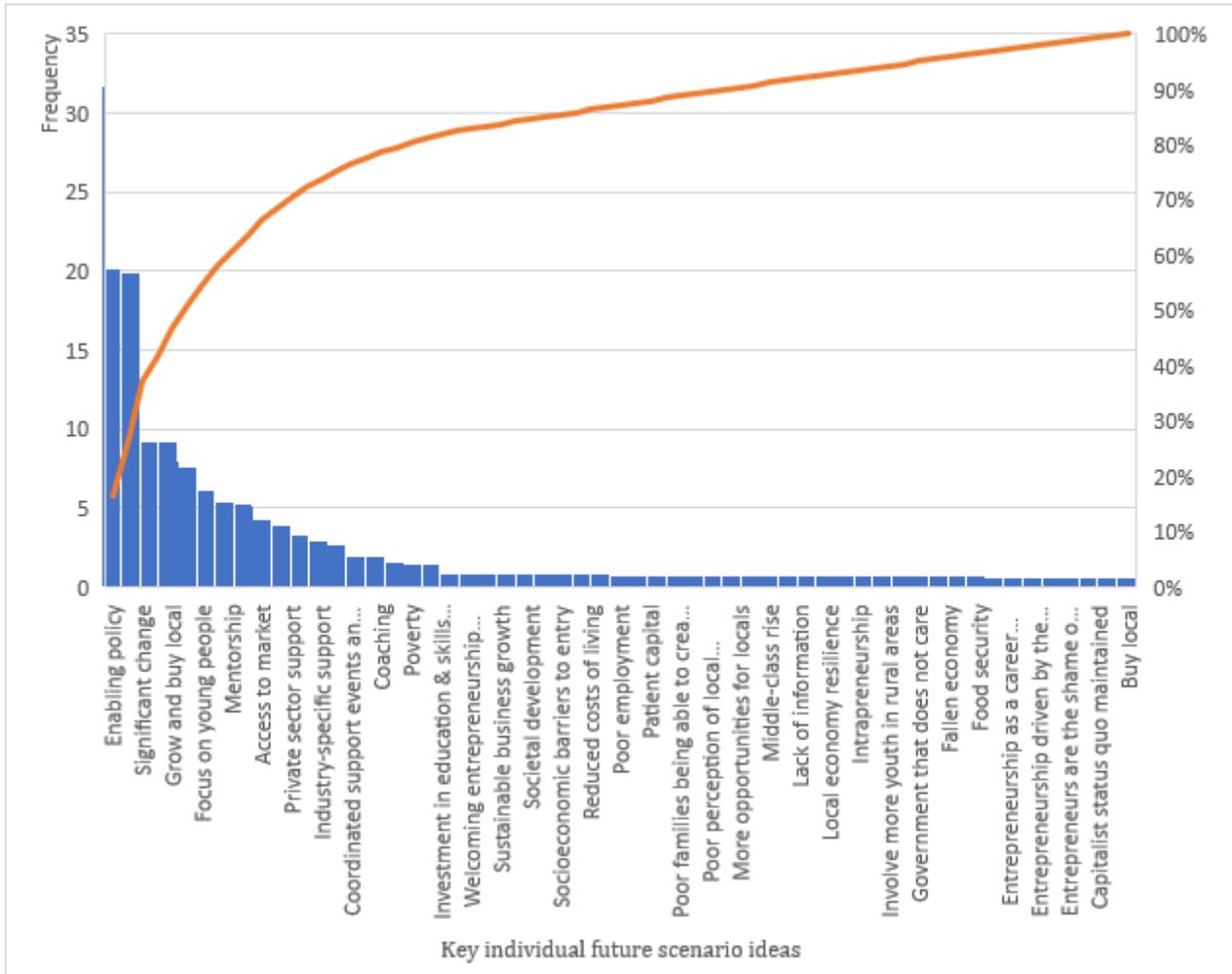
What are the envisioned ideal and worst case scenarios of entrepreneurial ecosystem development? To elicit envisioned futures, respondents were asked a futurist question, ‘Now imagine its 2030, what do you think would have been the main changes in entrepreneurship. Please share a separate *ideal* scenario and a *worst-case* scenario...’. This question was important in order to understand not only where transformation levers (thematic factors) might be but also to study how respondents imagined a desirable future. Given that respondents shared their ideal and worst-case scenario futures, the generated findings were much richer. We conducted thematic analysis, and jotted down key words in each respondent’s response and visualized them into a Pareto Chart (See Figure 3).

After arriving at emerging category themes, we interpreted what emerged as the essence of the data into useful phenomenon findings about entrepreneurship in Africa. These findings were eventually categorized into eight themes viz. access to finance and market, sense of control, enabling policy, dynamic ecology of support, formative context, enabling technology, scale and sustainable

development outcomes (Table 1). These category themes capture respondent’s realities in terms of their outlook of entrepreneurship by the year 2030.

**Table 1.** Emerging category themes and descriptions

<b>Emergent themes</b>	<b>category</b>	<b>Count of Emerging Ideas</b>	<b>Description</b>
Sense of control / directionality		62 (23%)	People’s power and relational agency to influence directionality of entrepreneurship outcomes.
Dynamic ecology of support		55 (21%)	Coordinated ecosystem structures, events or activities that address barriers for individual entrepreneurs.
Enabling policy		46 (17%)	Government interventions and structure of incentives that make it possible for new ventures to compete and grow.
Access to finance and market		39 (15%)	Ability to access capital or markets.
Formative context		32 (12%)	Structural barriers to entry inhibiting local entrepreneurs to participate or grow businesses.
Sustainable development outcomes		14 (5%)	Household and community-level human and environmental progress indicators.
Enabling technology		13 (5%)	Different mix of technologies that simplify and better augment product and service performance.
Scale		6 (2%)	Sustained levels of annual revenue growth estimated between 10 to 20% for 3 to 5 years.
Total		267	



**Figure 3. Ideal and worse case future scenarios about African entrepreneurship (source: Authors, 2023)**

While firm growth was a feature among ideal scenarios, only 2% of the emerging story themes were clustered around stakeholder desires for their respective local ecosystems to be characterized by scale-up firms. In fact, 23% and the highest clustered theme was around the directionality with which entrepreneurial ecosystem development would help the growing, investing and buying local, integrate environmental and social consideration in businesses, involve more youth in rural areas, create more economic opportunities for locals, drive public-private partnerships, ensure entrepreneurs from poor families are able to create and innovate a new business, promote the reversal of the poor perception of local entrepreneurs, contributes to a responsive entrepreneurship environment and contributes to the reduction of socio-economic barriers to entry in order to ultimately have welcoming entrepreneurship environments. To be specific, one respondent articulated this directionality as follows, “a worst-case scenario would be [that] entrepreneurship would be run by citizens from other countries instead of our own entrepreneurs who are instead locating to more developed countries to innovate their ideas there”. While another respondent offered “a worst-case scenario would be lack of market for locally produced products due to increased imports”.

Ideal entrepreneurial ecosystem scenarios were best captured by other stakeholder respondents who were calling for entrepreneurial ecosystems that were characterized by “more access to funding”, “business friendly interest on loans” and “less of government exorbitant taxes and licenses” respectively. Other respondents described their ideal entrepreneurial ecosystem conditions as those where “entrepreneurs are ...locally trained and financed” and “...at the center of societal development and local economy resilience.” Four additional respondents would ideally wish to see entrepreneurial ecosystems across Africa where “private sector will grow investment in startups”, “established businesses identify challenges and work with startups to solve them”, “government increased support to local entrepreneurs” and “in West Africa, each country would have developed an entrepreneurial ecosystem supportive of innovation and industry and ECOWAS is functional and takes advantage of these strong ecosystems to take leadership on the continent in agribusiness, light manufacturing, health tech.”

As many as 12% of the emerging story themes were clustered around entrepreneurial ecosystem issues relating to formative context or stubborn barriers to entry. The worst-case scenario that highlighted the empirical findings is a scenario where entrepreneurial ecosystems contribute to no significant social change. Specifically respondents highlighted local entrepreneurial ecosystems would be a failure if there was “no change as corruption keeps taking place and business opportunities are not fairly dispersed”, there is continued “limited creation employment opportunities due to versatility of individuals”, there would be “... higher rate of unchanged situation where people are still struggling and homeless”, labor markets were “without permanent jobs” or “there would be more socioeconomic barriers to become an entrepreneur”; among many other similar perspectives. Among other desired effects would be local entrepreneurial ecosystems that “...prove that people from poor family will be able to create and innovate a new business!”, where there is a “low rate of people who are not working” along with improved conditions where “barriers to entry will be non-existent.”

An additional 5% of respondent stories relating to this emerging theme highlighted the importance of entrepreneurial ecosystems needing to also produce social enterprises that achieved both business expansion and social change in line with sustainable development goals as part of the core narrative. This made for another strong theme in line with sustainable development outcomes. One of the respondents captured an ideal scenario in line with sustainable development goals 9 and 12 as follows, “by 2030...production agriculture will have increased significantly, contributing to widespread increase in food security in Africa. That we will have access to technologically advanced methods of production that are affordable. These technological advancements will not just be confined to IT, but also to marketing, science, and engineering including post-harvest food preservation. That we will be able to process our produce and add value instead of simply selling raw materials. That we will have access to capital and mentors. That governments and policy makers create conducive ecosystems for entrepreneurs. That our markets will expand not just nationally but further into the region and continent.” Another respondent highlighted that a worst case scenario by 2030 would be entrepreneurial ecosystems that do not address “poverty and malnutrition” in society – which links to sustainable development goal 10, among others.

In summary, while some individual future scenarios reflected positive outlooks suggesting that they did not see problems with the current status quo; a significant number of respondents revealed dissatisfaction with lack of visible policy direction in Africa, along with poor support for local entrepreneurs. In particular the emergent findings highlighted that the environment under which local

entrepreneurs operated was characterized with poor access to finance, uncoordinated support, unfavorable policy (specifically high taxes, penalties and stringent regulation), and privileging of foreign entrepreneurs with strong corporate networks and financial capital access. In turn, these issues create a negative formative context that undermines the scaling of new ventures co-founded by locals and therefore stifling of development outcomes.

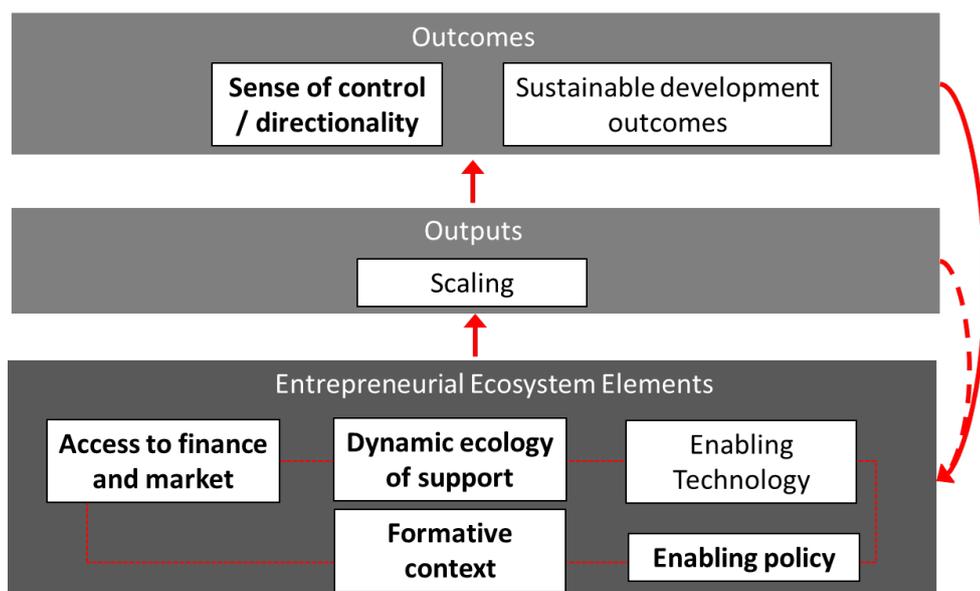
## **DISCUSSION**

### **VIRTUOUS CYCLES OF ENTREPRENEURSHIP-LED SUSTAINABLE DEVELOPMENT**

Our main question was: What can be an African model of entrepreneurship-led sustainable development? We discuss this by comparing our findings with the ‘standard’ or ‘traditional’ entrepreneurial ecosystem model (Stam, 2005; Stam and Van de Ven, 2021; Leendertse et al., 2022). Our research show the importance of a locally informed, dynamic systems view on entrepreneurship-led development. We integrate our findings in a forward looking, stakeholder informed, African model of entrepreneurial ecosystems in Figure 4.

Our findings broaden the envisioned outcomes beyond economic growth, including both “sense of control / directionality” and “sustainable development outcomes”. We would like to theorize this in line with Sen’s (1990) capabilities approach, in which development is conceptualized as “living the life one has reason to value”, which includes agency (“sense of control”) and that has also provided the welfare-theoretic foundations for the sustainable development goals (Sen and Nussbaum, 1993). We added the positive feedback loop from sustainable development outcomes to the entrepreneurial ecosystem elements, as for example increases in health, education, and less poverty improve entrepreneurial ecosystem conditions. Capabilities can both be outcomes and inputs to the entrepreneurial ecosystem.

Even though scaling was only mentioned by few of our respondents, it presents a proxy of productive entrepreneurship that is key in the entrepreneurial ecosystem approach. Our findings point at the greater attention that is needed to successfully start a business that can survive in the first place, i.e. achieves product-market fit with repeatable sales, and a profitable business model. Scaling is only a next phase, once all the constraints for starting a viable business have been taken away. Also we do not yet see successful generations of entrepreneurs giving back to the entrepreneurial ecosystem on a substantial scale, nurturing the entrepreneurial ecosystem and enabling a next generation of entrepreneurs locally. However, it was seen as a worst-case scenario that entrepreneurs would leave to become successful and would eventually not be giving back to their entrepreneurial ecosystem of origin.



**Figure 4.** African model of entrepreneurship-led sustainable development

The envisioned entrepreneurial ecosystems in the African continent reflect several of the elements that are well recognized in the traditional entrepreneurial ecosystem approach, including access to finance (“finance”) and markets (“demand”), a formative context with well-functioning institutions (“formal institutions”), including enabling policy, a dynamic ecology of support (“intermediaries”), and enabling technology. The latter is part of the “knowledge” element in entrepreneurial ecosystems, but does not point at the knowledge investments, including R&D and patents. Respondents did express issues related to some of the other elements (“talent”, “networks”, “culture”, “leadership”), mainly within the theme of “formative context” and “sense of control / directionality”, and “dynamic ecology of support”. They matter to the respondents, but only if they have a “sense of control” on them, and when they contribute to “sustainable development outcomes”, in other words: only if they contribute to the entrepreneurial ecosystem they want, which contributes to the local community now and tomorrow.

Ultimately, our research points at potential virtuous cycles of entrepreneurship-led sustainable development in Africa, and the prevention of vicious cycles of development. To create productive entrepreneurship requires local entrepreneurs to focus on market opportunities with high prospects for scale. At the same time, scale is achievable through enabling technology and in an entrepreneurial ecosystem that is characterized by a dynamic ecology of support that results in access to finance and markets needed as a conduit, especially during the early stages. Scaling a business can be undermined by absence of enabling policy and degenerative formative context that disincentivizes financiers to release capital. Consequently, that creates a systemic barrier, disincentivizing ventures to explore long-term opportunities that can lead to the emergence and growth of new industries. Finally, this causal systemic loop also implies that scale-ups can in principle improve individual and household incomes for co-founders and in the process create excess funding that can, in turn, be injected back into the local ecosystem to support other new ventures and sustainable development initiatives.

However, there is also the possibility of a lack of development (“things stay the same”) or even vicious cycles of development. When a formative context does not evolve, and without an enabling policy and a dynamic ecology of support, and limited access to finance and markets, productive entrepreneurship by Africans in Africa will not emerge. Subsistence (i.e., low-growth, necessity-based) entrepreneurship will prevail, entrepreneurial talent will leave Africa, and scale-ups will mainly be led by entrepreneurs from outside Africa. Or even worse, destructive entrepreneurship will prevail in a context of corruption and an exploitative elite.

## CONCLUSION

This paper provides two major contributions to the entrepreneurial ecosystem research program (Wurth et al., 2022) and the decolonization of entrepreneurship research (George et al. 2016; Barnard et al. 2017; Bruton et al. 2018).

First, we have contrasted the Silicon Valley model of entrepreneurial ecosystems with a much needed view from outside the North American and European contexts in which most theorizing and empirical research on entrepreneurial ecosystems has taken place, and answer the recent calls to develop an alternative to the dominance in academic research of the U.S. model of business and entrepreneurship. We focus on a context with low incomes and massive population growth, with large cohorts of youngsters entering the economy: Africa. In this context there is a huge need for well-functioning entrepreneurial ecosystems to enable private sector development and more fundamentally to let the talents of a large new generation flourish and tackle gigantic sustainable development challenges. We argue that the Silicon Valley model of entrepreneurial ecosystems is inadequate in the African context and based on our empirical research we constructed a new model of entrepreneurship-led sustainable development.

Our second contribution involves the application of futuring in the transdisciplinary entrepreneurial ecosystem research program. Instead of looking backwards and analyzing what has been, as is standard in social science, we use a futuring method, including envisioned ideal and worst case scenarios of entrepreneurial ecosystems in Africa. This provides a forward looking approach that is much needed in a context which necessitates more long-term transition approaches. Our study future-oriented study is complementary to the hitherto “traditional” social science studies on entrepreneurship and entrepreneurial ecosystems, which seek to uncover causal mechanism with backward looking research (see Wurth et al., 2023). Our study provides an exemplar of a community-engaged entrepreneurship methodology to advance equity, inclusion and societal impact (Bacq et al., 2022; Kolavalli, 2023).

For the entrepreneurial ecosystem approach to be useful for African economies it needs to be meaningful for the communities involved, and that this can be achieved with locally-embedded narratives about the future of entrepreneurship in Africa. We have provided an exemplar futuring study on entrepreneurial ecosystems in Africa that has not only provided agency and directionality for virtuous cycles of entrepreneurial ecosystem development in Africa, but can also be a starting point for community-involved entrepreneurial ecosystem development in other contexts.

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## **RINSE AND REPEAT? ENTREPRENEURIAL PRE-ENTRY SEARCH BY HABITUAL ENTREPRENEURS IN THE INFORMAL ECONOMY.**

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### **Abstract**

Prior literature on habitual entrepreneurs has remained relatively silent on *what* entrepreneurs learn from prior spells and *when*, - namely how prior experience shapes their actions. We propose that studying the pre-entry search activities of habitual entrepreneurs can shed new light on this topic. We theorize that prior pre-entry search experience enables habitual entrepreneurs to develop cognitive frameworks that they draw on when faced with similar tasks. We also hypothesize that when entrepreneurs exceed their performance aspirations, they are able to draw on their resource buffers to undertake a more extensive search in their subsequent pre-entry activities than those who do not exceed their performance aspirations. Using unique data of 136 habitual entrepreneurs in the informal economy in Ghana, we find broad support for our theory.

**Keywords:** Habitual entrepreneurs, pre-entry search, learning, informal economy, Ghana

### **Introduction**

An emergent stream of research at the nexus of the entrepreneurship and strategy literature highlights the importance of the entrepreneurial pre-entry process – how (prospective) entrepreneurs search for information about the feasibility and viability of their business idea before they decide whether to launch a venture or abandon the idea (Bennett & Chatterji, 2019; Chen et al., 2018). These studies argue that how (prospective) entrepreneurs search and absorb information shapes their entry

and post-entry decisions. The pre-entry process, depending on how entrepreneurs search and absorb information, also influences the process of “learning by doing” (Felin et al., 2020; Ucbasaran et al., 2008). Learning by doing refers to how previous entrepreneurial experience affects subsequent spell(s) of entrepreneurship (Cope & Watts, 2000; Patel et al., 2022; Rocha et al., 2015).

Prior research on entrepreneurial learning has emphasized the central role of experience in the process of learning by doing, often suggesting a positive relationship between entrepreneurial experience and performance (Baron & Ensley, 2006; Ucbasaran et al., 2008). However most studies largely compare the performance of novice (no prior entrepreneurial experience) with that of habitual (with prior entrepreneurial experience) entrepreneurs (Ucbasaran et al., 2014; Westhead et al., 2005). This stream of research argues that habitual entrepreneurs benefit from cognitive frameworks that they develop through experience, whereas novice entrepreneurs lack the ability to recognize meaningful patterns that could enhance the venture creation process. While this literature shows performance differences between habitual and novice entrepreneurs, heterogeneities may exist among habitual entrepreneurs with regards to their actions as they accumulate experience, which may reflect, to some extent, learning by doing or shape their subsequent actions in future ventures (Cope & Watts, 2000; Ucbasaran et al., 2014).

Scholars suggest that new contributions can be gained by “*taking a more nuanced view of the entrepreneurial task and experience*” which “*will allow scholars to generate insights into what, if anything, is learned from one venture experience to the other*” (Ucbasaran et al., 2014, p. 140). Therefore, by integrating the literature on cognitive and behavioral learning this paper deepens our understanding on entrepreneurial learning by focusing on a specific entrepreneurial task (pre-entry search). More so, understanding whether and how entrepreneurs may learn at the pre-entry stage, may help us uncover important stages of the entrepreneurial process in which learning matters, as well as, how learning from previous entrepreneurial experience may impact strategic decision making in subsequent businesses (Cope & Watts, 2000; Lin et al., 2019).

By looking at the entrepreneurial pre-entry search that habitual entrepreneurs undertake, this paper answers the question, *(how) does the search entrepreneurs conduct in their first venture creation process relate to the search they conduct in the second spell of entrepreneurship?*

Capturing the pre-entry search activities of habitual entrepreneurs at two separate time intervals allow us to examine whether any change occurs in search behaviour (and in which direction). Hence this paper addresses an important knowledge gap in the entrepreneurship and learning literature by looking at the earliest stage of the venture creation process (Lafontaine & Shaw, 2016; McGrath, 1996; Wuebker et al., 2021). This is because such early stage actions may influence subsequent stages and explain differences in performance in the longer run (Chen et al., 2018; Cope & Watts, 2000).

To answer our research question, we draw on cognitive and behavioral (performance feedback) learning theories to explain how the pre-entry search in the first spell of entrepreneurship affects pre-entry in the second spell, and how pre-entry search in the first spell interacts with the performance relative to entrepreneurs’ aspirations (Kuusela et al., 2017; Pidduck et al., 2020; Ref & Shapira, 2017). The literature on cognition suggests that experience enables entrepreneurs to develop cognitive frameworks that help them to learn and process new information, and they draw on these frameworks

in subsequent decisions when faced with similar tasks (Fiske & Linville, 1980; Pidduck et al., 2020). The literature on performance feedback, especially the resource perspective complements our theory by explaining that performance above aspiration provides; (1) additional resources that decision makers can explore more fully and (2) a more relaxed environment and the freedom to afford broader search and experimentation (Kuusela et al., 2017; Ref & Shapira, 2017).

As implied above, we propose a baseline relationship predicting a positive association between the extent of pre-entry search in the first and second spell of entrepreneurship. Next, we propose that this relationship is positively moderated by performance above aspirations. Finally, as part of the identification of the mechanisms, we posit that the positive moderating effect of performance above aspirations is particularly important for high resource-consuming activities. Using a unique dataset from 136 habitual entrepreneurs operating in a large informal cluster in Ghana, we test our predictions with negative binomial regression models and find broad support for our hypotheses. Our results show that the extent of prior search positively correlates with the extent of subsequent search, and this relationship is stronger when entrepreneurs exceed their performance aspirations.

The main contribution of this paper is two-fold. First, we contribute to the strategic entrepreneurship literature by providing insight on early-stage decision-making of habitual entrepreneurs in the informal economy. We do this by integrating cognitive and behavioral perspectives of learning to shed light on how entrepreneurial pre-entry search may change with accumulated experience. Doing so can help explain heterogeneities in entrepreneurial long-term performance, because many entrepreneurial actions have roots in the pre-founding and founding stages (Cope & Watts, 2000; Felin et al., 2020; Wuebker et al., 2021). Second, our theory focuses on a resource perspective to explain performance feedback and pre-entry search. Thus, we contribute to the literature on entrepreneurial learning with emphasis on habitual entrepreneurs. This study answers calls for more research that integrates a resource perspective and learning theory (Greve, 2021). Specifically, our data reveal that habitual entrepreneurs usually rinse and repeat what has worked in the past. We find that entrepreneurs tend to seek for more information at the pre-entry stage when they exceed their performance aspirations relative to when they do not exceed their performance aspirations.

## **THEORY AND HYPOTHESES**

### **Habitual entrepreneurs in the informal economy**

While habitual entrepreneurship is a global phenomenon (Carter & Ram, 2003; Ucbasaran et al., 2014), it is particularly common in the informal economy (Kiggundu & Pal, 2018). In the informal economy such as African resource-constrained contexts, entrepreneurs can hardly subsist on a single business, hence the adoption of a portfolio strategy to make a living, especially when businesses are seasonal (Galdino et al., 2018; Weber et al., 2022). Therefore, entrepreneurs in the informal economy are involved in multiple businesses as a strategy for economic survival, diversification of risk, or for meeting long-term growth aspirations (Carter et al., 2004; Detienne & Chirico, 2013). In other words, some entrepreneurs in the informal economy in Africa grow by diversifying into several small businesses, rather than concentrating their efforts on a single business (Kiggundu & Pal, 2018;

Namatovu et al., 2018). While those in the lower classes use it as a strategy to survive, those in the higher classes use it as a growth strategy (Rosa, 2019).

As noted by prior scholars, the (absence of or) weak legal protection that characterizes the informal economy spurs entrepreneurs to develop “octopus businesses” that grow laterally as opposed to vertical growth (scaling up existing business) (Kiggundu & Pal, 2018). The portfolio approach is a strategy that entrepreneurs use to hide their capital from “*political vultures, ... and reducing the exposure of the business income to a wide range of levies, licenses, and other taxes*” and stakeholders such as family, community, and religious members (Charman et al., 2014; Kiggundu, 2002, pp. 121–122; Nason & Bothello, 2022).

Yet the literature in entrepreneurial strategy highlights that we know little about the activities or steps that entrepreneurs actually engage in at the pre-entry stage, and even far less for habitual entrepreneurs in the informal economy (Bennett & Chatterji, 2019; Rosa, 2019; Wuebker et al., 2021). Such insights will enable scholars to better understand (1) how entrepreneurs choose the strategies they pursue at the inception of the firm; (2) the post entry strategies and performance of firms; (3) the exit and re-entry decisions that entrepreneurs are confronted with (Burton et al., 2016; Posen & Cao, 2019).

### **Entrepreneurial experience and pre-entry search**

Scholars maintain that prior entrepreneurial experience facilitates the development of cognitive resources that may help entrepreneurs to learn but also to develop an absorptive capacity to plan, learn and adapt (Baron & Henry, 2010; Dencker et al., 2009). This cognitive perspective is important for assessing heterogeneity among entrepreneurs and their strategic choices (Pidduck et al., 2020). Experience helps individuals to develop multiple cognitive schemas that await selection when a similar task is required (Moore et al., 2021; Torney-Purta, 1991). Given that cognitive resources that are developed over time are usually relied upon when performing similar tasks, the paper argues that how entrepreneurs search for information during their first spell of entrepreneurship will guide how they search in the next spell of entrepreneurship. For instance, entrepreneurs who search (less) extensively will develop the cognitive resources to be able to search in a similar way in their second spell of entrepreneurship. In sum, we expect a positive association in the volume of information search during the pre-entry stage of both spells of entrepreneurship. Therefore, following the above discussion, we propose the following baseline relationship:

*Baseline hypothesis: There is a positive relationship between the extent of search conducted in the first and second spells of entrepreneurship.*

However, we expect that the strength of this relationship will be contingent on the type of performance feedback entrepreneurs receive from their initial business. In what follows, we argue that habitual entrepreneurs tend to repeat prior pre-entry search strategies particularly when they perform above their aspirations.

## Performance relative to aspirations

A growing resource perspective argues that when firms perform above their aspirations, they gain additional resources that “may motivate firms to find a way of using them more fully” (Kuusela et al., 2017; Ref & Shapira, 2017, p. 1421) to secure their long-term growth (Ref & Shapira, 2017). Therefore, performance above aspiration may affect the search behaviour of entrepreneurs, particularly the number of search activities they engage in prior to starting another business. We argue that performance above aspiration will provide conditions for more extensive search because entrepreneurs (1) gain more resources to undertake more volume of search (2) are not under any time pressure to launch another venture.

First, when organizations perform better than their expectation, it provides excess resources that serve as buffers (Ref & Shapira, 2017). Consequently, performance above aspiration may be an indication that the entrepreneur has resources that he might want to deploy for a dispersed growth (Nason & Bothello, 2022; O’Brien & David, 2014). Such resource buffers are expected to be deployed as the entrepreneur engages in pre-entry activities during another spell of entrepreneurship.

Second, entrepreneurs who perform above aspiration will be better placed to take their time to have a more extensive search than those performance do not exceed their level of aspiration. Mainly because the ‘wait and see’ phenomenon will apply mostly to them as they will take the time to search for more information about their new venture idea (Alsos & Kolvereid, 1998). Entrepreneurs who perform above aspiration may be cushioned from the time pressures that are faced by decision makers who may not have the financial buffers that will afford them the time to carefully explore a variety of search activities (Gruber, 2010) or engage in extensive experimentation (Ref & Shapira, 2017) during the earliest stages of the venture creation process.

In a nutshell, we expect that entrepreneurs who exceed their performance will be able to afford searching for greater volumes of information during the pre-entry stage than those who do not exceed their aspirations. Therefore, we hypothesize that:

*Hypothesis 1 (H1): The positive relationship between the number pre-entry search in the first and second spells of entrepreneurship is stronger (weaker) when entrepreneurs’ performance in their first business is (not) above their aspirations.*

To test of the mechanism underlying your H1: if indeed performance above aspirations gives entrepreneurs more resources then we should expect this relationship to matter particularly for high resource-consuming activities, as they are more resource demanding.

## Resource-consuming activities

In contexts of resource constraints, the availability of resources and financial buffers may be central in understanding the strategies that entrepreneurs and firms adopt (Kuusela et al., 2017; Nason & Bothello, 2022). Therefore, we expect that when entrepreneurs perform above aspirations, they will have more resources to be able to undertake more high resource-consuming activities relative to when they do not perform above aspiration. Therefore, we hypothesize that:

*Hypothesis 2 (H2): Performance above aspirations strengthens the positive relationship between entrepreneurs' pre-entry search in the first and second businesses, especially when entrepreneurs engage in high resource-consuming pre-entry steps in their second spell.*

## **DATA AND METHODS**

### **Sample and data collection**

Given the lack of existing data on the entrepreneurial pre-entry activities of habitual entrepreneurs in the informal economy, we conducted a survey in Accra New Town informal cluster in Ghana. Ghana is a sub-Saharan African country with about 90 percent of economic activities taking place in the informal sector (ILO, 2018; Offori-Atta, 2020). Since Hart's (1973) seminal paper on the informal economy which was set in Ghana, the country has continued to attract attention among scholars interested in understanding the informal economy as it is very representative of the phenomenon of informality in developing economies (see, Newman & Alvarez, 2022; Slade Shantz et al., 2020).

As the study focused on the informal economy, there is hardly any structure to support a self-administered questionnaire. Hence we collected the data using face-to-face interviews as it allowed us to have a good coverage of the target population and increase the response rate of our survey. The data collection was done with the help of a team of professional data collectors (enumerators) who were trained on the specific questionnaire of the study and had enough time to reflect on the questionnaire and undertake pilot tests before the main study. The enumerators used electronic tablets to capture the data in real time. The tablets also enabled us to have the GPS coordinates of each location where an interview was conducted.

Self-reported data that are collected from survey research are faced with the challenge of common method bias, particularly when data is sought from the same respondent at the same time because the relationship between variables can be inflated (Christmann, 2000). To minimise concerns about common method bias, we employed a two-stage data collection approach (e.g., Scheaf et al., 2020) with at least two weeks time interval between the first and second wave of data collection. The time lag limits the inhibits respondents from drawing on the short-term memory and using "*previous answers to fill in gaps in what is recalled and/or to infer missing details*" (Podsakoff et al., 2003, p. 888). The data collection took place in the last quarter of 2021.

In the first wave of data collection, a total of 1,095 individuals were surveyed. A total of 754 individuals were surveyed again in the second wave, out of this 438 were seriously considering to start a business for the first time and the remaining 316 individuals were already entrepreneurs. Out of the 316 entrepreneurs, 136 (180) were (not) seriously engaged in the process of starting another business. This paper focuses on the 136 entrepreneurs who have active businesses and are in the process of actively considering to start another business.

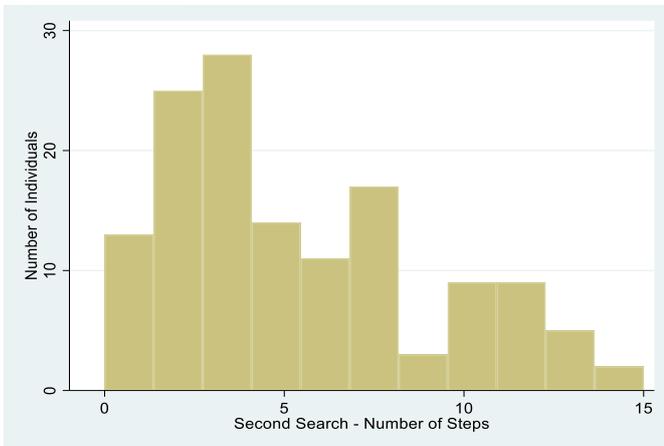
Appendix 1 presents some descriptive statistics on entrepreneurs in our sample such as age, income, gender, family size and levels of formal education.

## Measures

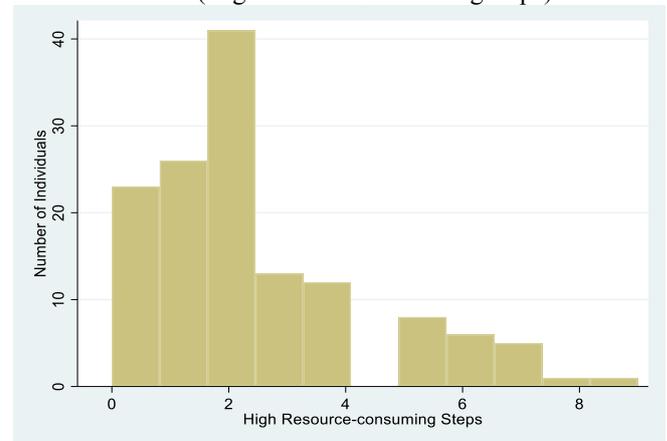
### *Dependent variable*

The main dependent variable is the extent of pre-entry search in the second spell of entrepreneurship, measured by the total number of steps taken by entrepreneurs in their second business. We use a list of 27 pre-entry activities that entrepreneurs take as they learn about their new venture idea. These include activities such as discussing the business idea with a friend, testing demand for the product or service, or exploring financing options from family. These steps were adapted from prior scholars (Bennett & Chatterji, 2019; Lichtenstein, Carter, Dooley, & Gartner, 2007) to fit the context of the informal economy. Each step is coded as a dummy variable equal to 1 if an entrepreneur had taken the step and 0 otherwise. Entrepreneurs in our sample took a minimum of 0 and a maximum of 15 steps. See figure 1a for the histogram of the steps and appendix 2 provides a list of the steps.

**Figure 1a:** Histogram for the number of pre-entry steps in second search



**Figure 1b:** Histogram for the number of pre-entry steps in second search (High resource-consuming steps)



Secondly, we compute the number of high resource-consuming steps taken by entrepreneurs in the second spell of entrepreneurship as an alternative dependent variable to test the validity of Hypothesis 2 (see figure 1b).

As reported in Table 1 (descriptive statistics), on average, entrepreneurs take five different steps as they learn about the viability of their second business idea. The data show that close to 28% take at most two steps, approximately 30% take between 5 to 8 steps and about 20% take 9 or more steps, thereby showing variation in steps taken by entrepreneurs during their second spell of entrepreneurship. We also find that the steps that are most commonly taken are saving money to invest in the business and discussing the idea with family and friends respectively (see Appendix 2).

**Table 1:** Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
<b>Dependent Variable</b>					
Total number of pre-entry steps – second spell	136	5.375	3.668	0.000	15.000
High resource-consuming steps	136	2.375	1.996	0.000	9.000

**Independent Variables**

Total number of pre-entry steps – first spell	136	7.213	3.725	0.000	15.000
Performance Above	136	0.412	0.494	0.000	1.000

**Control Variables**

Formal Education	136	0.184	0.389	0.000	1.000
Prior knowledge & exp.	136	0.765	0.426	0.000	1.000
Female	136	0.426	0.496	0.000	1.000
Number of children	136	2.000	1.606	0.000	8.000
Neuroticism	136	2.637	0.783	1.000	4.667
Extraversion	136	2.895	0.927	1.000	4.667
Openness	136	3.988	0.736	2.000	5.000
Agreeableness	136	4.140	0.629	1.667	5.000
Conscientiousness	136	4.475	0.493	2.667	5.000
Same Industry	136	0.360	0.482	0.000	1.000

***Independent variables***

Our main independent variables are the number of steps taken in the first spell of entrepreneurial pre-entry search and the performance discrepancy relative to entrepreneurs' aspirations.

*Pre-entry steps in the first spell of entrepreneurship* - We theorize that the extent of pre-entry search in the first spell of entrepreneurship is a relevant predictor of the extent of search in the second spell of entrepreneurship. Similar to our dependent variable, we use a list of 27 steps that entrepreneurs took during their first spell of entrepreneurship as they learned about their new venture idea. Entrepreneurs in our sample took a minimum of 0 and a maximum of 15 steps. Figure 1c (in appendix) provides the distribution of this variable and appendix 4a provides a comparison of steps taken in the first and second spell of pre-entry search. The entrepreneurs in our sample took an average of 7 pre-entry steps in their first business (see table 1).

*Performance above aspiration* is a dummy variable that captures the performance of entrepreneurs' business relative to aspirations/expectations. This performance measure refers to the business entrepreneurs are currently running (i.e. their first business). It is important to note that the subsequent business, which is the focus of this study does not have performance records yet, since the business is at the pre-entry stage and is yet to be launched. Given that most entrepreneurs in the informal economy do not keep (proper) financial records, scholars have argued that monthly sales records can be relied upon to make estimations in such contexts (de Mel et al., 2009). Accordingly, the measure was created by relying on the sales figures reported by the respondents (Agleze, 2022; Parker et al., 2017; Washburn & Bromiley, 2012). Following prior research, performance above aspiration variable was coded 1 for observations in which the sales of an entrepreneur's business is above the historical aspiration level and 0 if otherwise (Joseph et al., 2016).

***Control variables***

We control for a number of factors that might influence the number of steps entrepreneurs undertake in the second spell of entrepreneurship. Following prior studies, we control for individuals' age, level of formal education, prior knowledge and experience, gender, number of children, income,

personality traits, and industry, as all of these aspects could affect decisions related to starting a business and shape pre-entry learning. Detailed statistics for these control variables can be found in Table 1 and Appendix 1.

### **Econometric approach**

The dependent variable the total number of pre-entry steps taken by entrepreneurs during their second spell of entrepreneurship – varies between 0 and 15 but only takes integer values. We therefore use count models to formally test our hypotheses. Given that the variable is over-dispersed (mean = 5.375 , SD = 3.668 ) - see Table 1 - we use negative binomial regressions for all model estimations with robust standard errors (Kaiser et al., 2015). We test the robustness of your findings with Poisson models and generally find results to be slightly stronger.

## **RESULTS**

### **Descriptive statistics**

Table 1 and 2 show the descriptive statistics and correlation matrix for the main variables, respectively. These results show considerable variation in the focal measures observed in our data (also see Appendix 1, and Figures 1a and 1b). We see that the number of steps taken during the first spell of entrepreneurship is positively correlated with the number of steps taken in the second spell of entrepreneurship. This indicates that taking more steps in the first spell of entrepreneurship may enable entrepreneurs to take more steps during the second spell of entrepreneurship. The data also show variations in performance discrepancy. Approximately 41% of entrepreneurs' performance is above their aspirations.